

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 8133**

**BILL NUMBER: HB 1861**

**DATE PREPARED:** Jan 21, 1999

**BILL AMENDED:**

**SUBJECT:** Mandatory newborn HIV testing.

**FISCAL ANALYST:** Ron Sobecki

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**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires that a newborn be tested for the human immunodeficiency virus (HIV) or for antibodies to HIV. (Current law provides that a newborn may be tested for HIV if the newborn's mother is not tested for HIV, the newborn's mother refuses to allow the newborn to be tested for HIV, and a physician believes that testing the newborn for HIV is medically necessary.) The bill provides that a physician, hospital, or medical laboratory required to report each case of HIV infection to the State Department of Health or the results of tests performed on each newborn to the State Department of Health may not include the name or any other identifying characteristics of a newborn who tests positive for HIV. It requires the State Department of Health to adopt rules to ensure that the family of each newborn is informed of the results of the tests required to be conducted on each newborn. The bill requires a physician who orders an HIV test for a newborn to provide HIV information and counseling to the newborn's mother.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill adds testing of newborns for HIV or antibodies for HIV to the list of tests which are required for newborns. There would be a fiscal impact to the state for the newborns who are Medicaid eligible. It is estimated that in 1996, there were 35,000 Medicaid births. It is also assumed that one-third of the newborns are enrolled in the Medicaid risk-based managed care (RBMC) program for which the testing costs would be covered under a capitated rate. Two-thirds of the individuals, however, receive Medicaid services under the Primary Care Case Management (PCCM) system, which is a modified fee-for-service system. Therefore, Medicaid will be responsible for an estimated 23,450 HIV tests under the PCCM system. The state share of Medicaid is about 38.69%.

It is assumed that the cost of the initial HIV test is \$12.50, with the state share being \$4.84. If all of the 23,450 newborns are tested, the state share of the HIV test would be \$113,498 (23,450 x \$4.84). If an individual tests positive on the initial test, the test will have to be administered a second time. It is estimated that 37 babies were born with HIV in 1996 in Indiana. Using the percentage of Medicaid babies to total

babies born, it is estimated that 16 Medicaid eligible newborns could need to be tested a second time. The cost of the second test to the State would be \$77 (16 x \$4.84). If the test is positive a second time, the Western Blot test is used to determine HIV positive status. The cost of the Western Blot test is estimated to be \$123.07 with the state share being approximately \$48. The cost to the state to test the 16 estimated HIV positive newborns is estimated to be \$768 (\$48 x 16). The total estimated state share of testing the Medicaid eligible newborn babies would be approximately \$114,343.

About one-third of the Medicaid eligible women and newborns are enrolled in the risk-based managed care program for which the testing costs would be covered under a capitated rate. While there is no short term impact to the state for the individuals in the risk-based managed care program, increased costs would likely lead to higher capitation rates in the future.

**Explanation of State Revenues:** See Explanation of State Expenditures, above, regarding federal reimbursement in the cost-shared Medicaid program.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, State Department of Health.

**Local Agencies Affected:**

**Information Sources:** State Department of Health.